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TO RUEHC/SECSTATE WASHDC 5337  
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RUEHYD/AMEMBASSY YAOUNDE 0663  
RUEHSA/AMEMBASSY PRETORIA 1697  
RUEHGB/AMEMBASSY BAGHDAD 0064  
RUCPDO/DEPT OF COMMERCE WASHDC  
RUEATRS/DEPT OF TREASURY WASHDC  
RHEBAAA/DEPT OF ENERGY WASHDC  
RUEHC/DEPT OF LABOR WASHDC  
RUEHRC/DEPT OF AGRICULTURE WASHDC  
RUEAIIA/CIA WASHDC  
RUEKDIA/DIA WASHDC  
RHMFISS/HQ USAFRICOM STUTTGART GE  
RUZEJAA/JAC MOLESWORTH RAF MOLESWORTH UK

UNCLAS SECTION 01 OF 04 ABUJA 000316

SENSITIVE  
SIPDIS

DEPARTMENT PASS TO USTR-AGAMA  
BAGHDAD FOR DMCCULLOUGH  
DOE FOR GPERSON, CHAYLOCK  
LABOR FOR SHALEY  
USDA/FAS/OTP FOR MCKENZIE  
DEPARTMENT PASS TO USAID/AFR FOR ATWOOD

E.O. 12958: N/A  
TAGS: [PGOV](#) [ECON](#) [ELAB](#) [EPET](#) [EFIN](#) [EAGR](#) [KDEM](#) [NI](#)

SUBJECT: NIGERIA - BI-WEEKLY POL/ECON UPDATES FOR FEBRUARY 1-14,  
2009

¶1. (U) The following is a joint Embassy Abuja, ConGen Lagos  
compilation of February 1-14 political/economic highlights, which  
did not feature in our other reporting, covering:

- Economy
- Politics
- Agriculture
- Environment and Health
- Aviation
- Elections
- Corruption and Crime
- Oil, Gas, and Power
- Delta Incidents

ECONOMY  
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¶2. (U) PRICES OF COMMODITIES RISE AS NAIRA FALLS: A market survey  
report published on February 12 revealed that commodity prices have  
significantly appreciated, due to increase in transportation and  
production costs. A bag of cement which sold for 1,650 naira (\$11)  
in December 2008 now goes for 1,800 naira (\$12).

¶3. (U) FINANCE MINISTER URGES TRANSPARENCY IN TAX COLLECTION:  
During the first management meeting of the Federal Inland Revenue  
Service (FIRS), Finance Minister Muhtar said the GON was not  
comfortable with spending on sectors that did not reciprocate in  
terms of returns on investments and that spending in the extractive  
industry, solid minerals and mining sectors have not been  
reciprocated. Muhtar also said tax evasion constitutes a major  
source of revenue leakage. The Ministry reported that the Tax  
Appeal Tribunals would soon be constituted to promote taxation as an  
effective tool for economic development.

¶4. (SBU) AMERICAN BUSINESS COUNCIL DISCUSSES GLOBAL FINANCIAL  
CRISIS: On February 11, Lagos Consul General Donna Blair hosted a  
breakfast meeting of the American Business Council (ABC) to discuss  
the global financial crisis and its impact on Nigeria. ABC members,  
(including the Nigerian directors of a major American bank, an

indigenous oil company, a private equity firm specializing in West Africa, and a large U.S. consumer products manufacturer) agreed that while the Nigerian Central Bank governor appears more sober in his assessment of the Nigerian economy, the Central Bank is still not taking appropriate action to combat a potential crisis in the Nigerian banking sector. However, the American bank director said Nigerian banks may be less vulnerable to bad assets since they are generally less leveraged than their western counterparts. He forecast that the naira would likely stabilize at 150 naira to the USD if oil prices stayed near \$45 per barrel. ABC members noted that a lack of transparency in the Nigerian banking sector makes it difficult for outsiders, including Central Bank examiners, to understand the extent and nature of "toxic assets" on the balance sheets of Nigeria's biggest banks. This uncertainty could continue to put downward pressure on the naira.

#### POLITICS

15. (U) HOUSE OF REPS RETURNS 2 BILLION NAIRA UNSPENT TO TREASURY: On February 5, the House of Representatives returned N2.1 billion (\$14 million) unspent funds from 2008 allocations to the treasury. During the day's session, the Speaker tendered documents from the Accountant General of the Federation acknowledging that the money was deposited in the treasury.

16. (U) TWENTY INJURED IN CLASH FOLLOWING GOVERNOR'S MOTORCADE: Press reported 20 people were injured in a clash between youth and supporters of the Kano State governor, Malam Ibrahim Shekarau on February 7. Shekarau's supporters were reportedly following the Governor's vehicle to a wedding. Several youths reportedly began shouting disparaging remarks at the Governor as the convoy passed.

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Supporters in several vehicles to the rear of the convoy reportedly stopped and began fighting with the youths. Press reports Kano police command denied knowledge of the incident.

17. (U) INSPECTOR GENERAL OF POLICE OKIRO TO RETIRE: Press reported Inspector-General of Police, Mike Okiro, is expected to retire on July 24. Okiro will be 60 years old, having served 32 years in the police. He is expected to start take leave starting on April 24, three months before his expected departure from office. By law, public officers in Nigeria are expected to retire after 35 years in service or after attaining 60 years of age.

18. (U) PRESIDENT CUTS SALARIES OF POLITICAL APPOINTEES: The National Economic Council (NEC), the umbrella body for the governors of the 36 states and the nation's economic managers endorsed the salary cut proposed by President Umaru Musa Yar'Adua for all political appointees in the country on February 10. Yar'Adua called the current remunerations for political office holders in the country "untenable and unjustifiable in the present circumstances." On February 11, local press published excerpts from a February 10 letter from President Yar'Adua to the Chairman of the Revenue Mobilisation and Allocation and Fiscal Commission (RMAFC), in which he stated, "I wish to observe that like other nations, our country has suddenly found itself a victim of the current global financial meltdown and unprecedented economic crises". The RMAFC is constitutionally charged reviewing salaries of political appointees.

#### AGRICULTURE

19. (U) CASSAVA OUTPUT IN NIGERIA EXPECTED TO RISE: Cassava output is expected to rise 30% with the help of \$5.3 million from USAID to fund cassava production in Nigeria and six other African countries (DR Congo, Ghana, Malawi, Mozambique, Sierra Leone and Tanzania). The objectives of the project include mass propagation of improved varieties of cassava with on-farm yield potential 30% greater than those of existing varieties; promotion of farm gate processing to increase the shelf life of cassava; and farmer capacity building in improved cassava production techniques.

110. (U) USG TO HELP NIGERIA BECOME RICE EXPORTER: On February 12 in Benue State, the Ambassador attended a USAID Public-Private

Partnership agriculture program as part of American National Week. The collaboration between the U.S. government and Olam Nigeria Limited Agricultural Partnership Development Program is a positive step aimed at improving rice production in the country with the goal of making Nigeria a net exporter of rice. The USG is providing technical assistance for the Benue State government to enable it take advantage of the Africa Growth and Opportunities Act (AGOA). Nigeria is the largest importer of rice in Africa and the second largest importer globally.

¶11. (U) PATH TO NIGERIA'S FOOD SECURITY: On February 12 USAID consultants identified agricultural biotechnology as a major route to Nigeria's food security and are leading a campaign to promote agricultural biotechnology in Nigeria in ensuring food security and wealth creation. The USG supports a bio-safety bill in the National Assembly that would ensure that biotechnology is used in a safe and responsible manner.

#### ENVIRONMENT AND HEALTH

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¶12. (U) NIGERIA TIGHTENS IMPORT RULES: The National Agency for Food, Drug Administration and Control (NAFDAC) announced on February 12 that Nigeria implemented tighter controls on chemical imports from India and China after 84 children died and another 111 became ill from teething syrup contaminated with diethylene glycol. NAFDAC arrested 12 Nigerians involved in manufacturing and marketing the

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toxic chemical. To prevent future incidents, NAFDAC said all propylene glycol imports must now be re-certified by the agency's independent analysts in India and China before shipment.

¶13. (U) 26 STATES RISK OUTBREAK OF MENINGITIS IN 2009: On February 12 the Minister of State for Health disclosed that the cerebro-spinal meningitis (CSM) epidemic had spread from 19 Northern states into the southern states of Oyo, Ebonyi, Enugu, Imo, Anambra and Cross River State. The Minister appealed to state governments to support their state ministries of health to check the impending outbreak effectively. He added that the nation was "sitting on the keg of gunpowder waiting to explode."

¶14. (U) NORWAY GIVES \$50M FOR MATERNAL HEALTH: The Norwegian Deputy Foreign Affairs Minister announced on February 11 that his country contributed \$50 million to Nigeria to address health related problems. The goal of the initiative was to improve maternal, newborn and child health in Northern Nigeria by providing quality service to Maternal and New born Child Health in Jigawa, Katsina, Yobe, and Zamfara states. He commended the establishment of the National Health Insurance Scheme (NIHS) to address health problems in the country and urged the government to give priority attention to women's right to health.

#### CORRUPTION AND CRIME

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¶15. (U) FORMER GOVERNOR'S WIFE ARRESTED BY EFCC: The Economic and Financial Crimes Commission (EFCC) arrested Tinu Ladoja, wife of a former Governor of Oyo State Rashidi Ladoja, on February 7 for operating a wonder bank (a Nigerian pyramid scheme). She was accused of collecting over N100 million (\$680,000) from customers without offering required services.

¶16. (U) FIFTEEN NIGERIAN TRAFFICKERS ARRESTED IN HOLLAND: The National Agency for the Prohibition of Trafficking in Persons (NAPTIP) cooperated with Netherlands' authorities in the arrest of 15 Nigerians engaged in the trafficking in persons in Holland. Two Ghanaians were also arrested in an operation tagged "Koolvis." The trial of the 15 Nigerians and two Ghanaians is expected to come up in district court in Zwolle Town located in northern part of Holland in May. The arrests were attributed to a crackdown on trafficking, which has the support and active participation of International Police (INTERPOL), Italian Anti-Mafias Bureau, Belgium, Spanish and the Royal Dutch anti- trafficking departments, and was spearheaded by NAPTIP.

OIL, GAS, AND POWER

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¶17. (U) OIL UNIONS POSTPONE STRIKE THREAT: On February 11, Nigeria's oil labor unions, NUPENG and PENGASSAN called off a threatened strike over what they claimed were concerns about deteriorating security in the Niger Delta. While Nigerian employees of international oil companies bear the brunt of attacks and kidnappings in the Niger Delta (incidents which do not usually attract the attention of the international press), both unions are also in the middle of regularly scheduled contract negotiations with the oil companies. The unions gave a 21 day ultimatum for their security concerns to be addressed.

¶18. (SBU) SHELL DECLARES FORCE MAJEURE: On February 10 Shell declared force majeure on February loadings from the Bonny Island export terminal in Rivers State. March loadings may also be impacted. On January 8, Shell had lifted force majeure declared in July and October 2008 for exports from several terminals, including Bonny.

¶19. (U) JTF IMPOUNDS OIL THEFT BARGES: On February 12, the press reported that the JTF had impounded 22 barges filled with stolen

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crude oil. According to a JTF spokesman, the barges, located in Delta State were apparently waiting for a deep-water vessel to come and take their cargoes.

DELTA INCIDENTS; NO AMCITS INVOLVED

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¶20. (U) The press reported that a wife of the former Minister of Petroleum had been kidnapped in Port Harcourt on February 3. She was released on February 6 after payment of a ransom. MEND, which did not take credit for the kidnapping, claimed that the hostage takers had threatened to gang rape their victim daily until the ransom was paid. If true, this would be an escalation of the brutality associated with kidnappings.

¶21. (U) According to local press reports, on February 3, a Rivers State Electoral Commissioner was kidnapped. No further information on his status is available.

¶22. (U) On February 5 a vessel providing security to an off-shore oil platform was reportedly attacked by armed men. The Nigerian captain was killed and one Nigerian crewman was injured in the attack. No hostages were taken.

¶23. (U) Shell's Utogoru natural gas plant in Delta State was damaged in an attack on February 7. A spokesman for MEND claimed responsibility for the attack. According to Shell one employee and one contractor were killed.

¶24. (U) On February 7, the local press reported that 60 gunmen invaded the Obele community in Rivers State, abducting eight people and destroying several homes, including that of the traditional ruler. An unidentified number of people were injured in the attack.

¶25. (U) On February 8, according to press accounts, a construction site for a road project financed by the Ondo State Oil Producing Areas Development Commission was attacked by about 50 gunmen who seized one hostage, a Portuguese construction worker.

SANDERS